

**Testimony of Richard Williams, President, Williams & Company Financial
Services before the**

Senate Hearing on HB 4338 September 7, 2016

My name is Richard Williams, President and CEO of Williams & Co Financial Services. I have been a financial advisor for Michigan Public School employees for 25 years. Our firm focuses on the retirement planning needs of school employees statewide. We have 30 advisors and service approximately 400 districts. I have been a MPSERS board watcher since 1996 and have attended most of the board meetings since that time. I do this to keep our advisors and clients up to date with the latest developments in the retirement system.

I am here to support HB4338.

I testified in on this subject during the Senate hearing regarding on SB1040 in 2012. **I objected to the office of retirement services controlling the retirement contributions of thousands of school employees when the system was already in place to provide choice to the employee.** The problem that I anticipated then has become reality, and even worse. **The unintended consequences of pension reform have caused limited financial advice for new teachers.**

Most people will only contribute the amount needed to get the matching funds and consequently their retirement is woefully underfunded. **Today there are 20,000 school employees most of which who have no idea where there money is, where it is invested, and what they need to do to successfully retire.**

Previous to SB1040 of 2012, our representatives would work with new employees helping them understand the need for retirement planning and savings. I personally have clients that I have worked with for over 20 years assisting them in their retirement planning needs that started as new educator. Today, our advisors help educate the new employee about the need for retirement planning but unfortunately we cannot compete for the business. This is one of the reasons why we need HB 4338 to pass.

Since 2013 with the passing of SB1040 new employees have a choice of a hybrid or a full Defined Contribution plan. The employee deposits funds into a 457 plan and the employer matches 50%. Previous to passing SB1040, every school district had a 457 plan which can accept deposits just like the MPSERS plan with the exception of this, that the new employee has no other choice than to deposit in the state's plan if they wish to receive matching funds. Previously, employees would work with our advisors with the first deposits and likely work with them over their entire career. **Currently, new employees are not working with our personal advisors because the employee's mandatory contribution must go through the state run plan. This has created a competitive disadvantage to private companies, like ourselves who have been working with school employees for decades.** Take into account the amount of baby boomers retiring, and the need to replace those veteran staff members, our advisors will be soon out of business and the new employees will not have the personal advisors. **The new retirement system will also ultimately put firms like ours out of business unless HB 4338 is passed.**

HB4338 is about providing choice to school employees. No employee's retirement planning needs are the same. The level and degree of support and guidance required to protect their families are unique. Currently, for retirement planning advice through state administrative and human resources offices, employees are provided with a business card containing a website and toll-free number. For some employees that may work, but for most however, it does not. HB4338 is about providing choice – it allows public school employees the ability to choose the path for retirement planning that is best for their families' own circumstances and goals.

Our professional advisors are skilled in providing knowledge and expertise on pension and planning for retirement. We work with thousands of school employees who look to us to help them through the complex issues of retirement planning. Passing HB 4338 will help assure that they will have the professionals who can help them secure a retirement plan that meets their needs. **Without HB4338 they will not get the support and guidance that all employees had previous. It is seldom that you have an opportunity to pass a bill that is good**

for schools, school employees, and small business all in one. Now is the time to pass HB4338.